

## Message Text

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E.O. 11652: GDS

TAGS: PGOV, PINT, UK

SUBJECT: CALLAGHAN SHUFFLES CABINET BUT HOLDS COURSE

REF: BINNS/SHUMATE SEPTEMBER 10 TELECON

SUMMARY. PRIME MINISTER CALLAGHAN ANNOUNCED WIDELY EXPECTED CABINET SHAKE-UP AT 6 P.M. FRIDAY, SEPTEMBER 10, CATCHING MOST POLITICAL OBSERVERS AS THEY DEPARTED FOR THE WEEKEND. CHANGES INVOLVED RESIGNATION OF TWO CABINET MEMBERS -- HOME SECRETARY JENKINS AND LORD PRIVY SEAL

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SHEPHERD -- ELEVATION OF ONE MEMBER TO HOUSE OF LORDS --

AGRICULTURE SECRETARY PEART -- TRANSFER OF SEVERAL PORT-FOLIOS AND DESIGNATION OF THREE NEWCOMERS. CABINET, AS A RESULT, INCREASED FROM 23 TO 24 MEMBERS. ALSO ANNOUNCED WERE STRUCTURAL CHANGES INVOLVING "SUPER DEPARTMENTS", ENVIRONMENT AND HEALTH, AND CHANGES IN SUB-CABINET POSITIONS. CALLAGHAN, AS EXPECTED, JUGGLED PEOPLE AND POSITIONS SKILLFULLY TO MAINTAIN GOVERNMENT'S IDEOLOGICAL BALANCE WHILE INFUSING NEW BLOOD AND REPAYING POLITICAL DEBTS. RESULT IS EXPECTED TO STRENGTHEN GOVERNMENT SLIGHTLY WITHOUT ALTERING ITS PRESENT POLICY COURSE. END SUMMARY

1. HAVING DELAYED HIS PLANNED DEPARTURE FOR AN OFFICIAL VISIT TO CANADA BECAUSE OF THREATENED STRIKE OF BRITISH SEAMEN, PRIME MINISTER CALLAGHAN SEPTEMBER 10 CAUGHT THE MEDIA, POLITICIANS AND OTHER OBSERVERS OFF GUARD BY ANNOUNCING ANTICIPATED CABINET SHUFFLE AS WEEKEND BEGAN. WITH SEAMEN'S STRIKE AT LEAST POSTPONED (SEPTEL) AND NEWS OUT, HE DEPARTED FOR CANADA A DAY LATE. ANNOUNCED CHANGES (PREVIOUS POSITIONS IN PARENTHESES), TOGETHER WITH EMBASSY'S INITIAL ASSESSMENT OF NEW INCUMBENTS, FOLLOWS:

-- ROY JENKINS (HOME SECRETARY) - JENKINS RESIGNED TO TAKE UP POST OF PRESIDENT, EUROPEAN COMMISSION.

-- MERLYN REES (NORTHERN IRELAND SECRETARY) - HIS REPLACEMENT OF JENKINS WAS WIDELY ANTICIPATED. REES, WHO, IN OUR JUDGEMENT, HAS PERFORMED WITH NOTABLE SKILL OVER PAST 31 MONTHS IN CABINET'S MOST TAXING POSITION AND RAN CALLAGHAN'S SUCCESSFUL CAMPAIGN TO REPLACE WILSON AS PRIME MINISTER, WAS OVERDUE FOR PROMOTION ON BOTH COUNTS. WHILE SOME CIVIL LIBERTARIANS HAVE NOT BEEN PARTICULARLY HAPPY WITH HIS APPOINTMENT, WE NOTE THAT HE BEGAN TO RESTORE CIVIL LIBERTY IN NI BY ELIMINATING DETENTION, REFORMING PRISON SYSTEM, SEEKING TO RE-ESTABLISH POLICE AS PRINCIPAL LAW ENFORCEMENT AGENCY AND MANIFESTING PROFOUND CONCERN FOR HUMAN SUFFERING WHILE RESPONSIBLE FOR THAT PROVINCE. OUR GUESS IS THAT HE WILL HAVE LOW KEY, POLITICALLY COURAGEOUS AND HUMANE APPROACH TO PROBLEMS OF RACE RELATIONS, IMMIGRATION, AND LAW ENFORCE-  
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MENT. HIS PREVIOUS MEMBERSHIP ON FRANKS COMMISSION STUDYING REFORM OF OFFICIAL SECRETS ACT ALSO SUGGESTS HE WILL MOVE FORWARD IN THAT FIELD.

-- ROY MASON (DEFENSE SECRETARY) - ACCEPTING TOUGH NI SLOT VACATED BY REES WITH SOME RESERVATIONS, MASON IS PROBABLY THE MOST CONTROVERSIAL OF THE CHANGES ANNOUNCED FRIDAY. ON THE BASIS OF HIS REPUTATION AND OAST

EXPERIENCE, MASON WOULD NOT SEEM TO POSSESS THE PATIENT, CONCILIATORY QUALITIES OF HIS THREE BEST KNOWN PREDECESSORS: REES, CONSERVATIVE WILLIE WHITELAW. AND CALLAGHAN. HE WOULD, HOWEVER, SEEM TO BRING SOME USEFUL QUALITIES TO THE JOB. FIRST, HE HAS A LONG RECORD OF WORKING CLOSELY AND SMOOTHLY WITH THE BRITISH MILITARY. A KEY CONSIDERATION IN NI. WHOSE RELATIONS WITH REES WERE AT TIMES PRICKLY. HE IS ALSO TOUGH-MINDED AND FORTH-RIGHT, QUALITIES WHICH COULD SERVE HIM WELL IN DEALING WITH ULSTER'S POLITICAL LEADERS. HIS APPOINTMENT IS UNLIKELY TO BE WELCOMED IN NI, THOUGH PROTESTANT LEADERS

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MAY FIND SOME CONSOLATION IN EXPECTATION (INCORRECT, WE WOULD GUESS) THAT IT PRESAGES A TOUGHER SECURITY POLICY.

-- FRED MULLEY (EDUCATION SECRETARY) - GENERALLY REGARDED AS HAVING BEEN WEAK AND INEFFECTUAL AT EDUCATION (A JUDGEMENT, INCIDENTALLY, DISPUTED BY JUNIOR MINISTERS AT THAT DEPARTMENT), MULLEY'S MOVE TO DEFENSE SEEMS TO INDICATE A CONTINUATION OF THE STATUS QUO RATHER THAN CHANGE. A QUIET, SOMEWHAT RETIRING MAN WITH A FIRST RATE CONFIDENTIAL

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MIND, MULLEY IS A SKILLFUL MOVER BEHIND THE SCENES. VERY WELL DISPOSED TOWARD THE U.S. AND HAVING MANY AMERICAN FRIENDS, MULLEY ALSO BOASTS OF CLOSE TIES WITH THE TRADE UNIONS AND MEMBERSHIP ON THE LABOR PARTY'S NATIONAL EXECUTIVE COMMITTEE. HE WILL BE ASSISTED AT DEFENSE BY A NEW MINISTER OF STATE, JOHN GILBERT (TRANSPORT MINISTER) WHO REPLACES WILLIAM RODGERS (SEE BELOW).

-- SHIRLEY WILLIAMS (PRICES SECRETARY) - HER ELEVATION TO ONE OF THE MAJOR DEPARTMENTS WAS EXPECTED; AT EDUCATION SHE WILL ASSUME RESPONSIBILITY FOR A LARGE BUDGET, A DEMORALIZED STAFF (BECAUSE OF SPENDING CUTS), AND RAGING POLITICAL CONTROVERSY (ABOUT FUTURE DIRECTIONS OF BRITISH EDUCATION). WE WOULD EXPECT THE ABLE AND ARTICULATE MRS. WILLIAMS TO MOVE QUICKLY TO RESTORE MORALE AND FIND SOLUTIONS TO THE MANY TOUGH POLICY, FINANCIAL AND POLITICAL PROBLEMS SHE FACES. SHOULD SHE SUCCEED IN THIS FORMIDABLE TASK, HER POLITICAL STOCK WOULD SOAR. (SHE RETAINS HER POST AS PAYMASTER GENERAL.)

-- ROY HATTERSLEY (MINISTER FOR FOREIGN AFFAIRS) - REPLACING MRS. WILLIAMS AT PRICES AND CONSUMER PROTECTION, THE AMBITIOUS AND TALENTED HATTERSLEY BECOMES, AT 43, THE YOUNGEST MEMBER OF THE CABINET. CLOSE TO CALLAGHAN, HE HAS BEEN MARKED FOR PROMOTION. AND NO DOUBT WOULD HAVE PREFERRED A MORE CHALLENGING BRIEF.

-- LORD SHEPHERD (LORD PRIVY SEAL AND LEADER OF LORDS) - RESIGNED AND RETURNS TO BACKBENCHES IN LORDS.

-- FRED PEART (AGRICULTURE SECRETARY) - INCREAS- INGLY THE LIGHTENING ROD FOR DISSATISFACTION OVER AGRICULTURAL MATTERS, PEART WILL MOVE TO LORDS REPLACING THE INCREASINGLY INFIRM LORD SHEPHERD. AS PRIVY SEAL HE WILL RETAIN A SEAT IN THE CABINET, BUT HIS INFLUENCE WILL

BE GREATLY REDUCED.

-- JOHN SILKIN (MINISTER FOR PLANNING) - NAMED TO  
REPLACE PEART, SILKIN'S PREVIOUS SEAT IN THE CABINET IS  
ABOLISHED, WITH HIS FUNCTIONS TRANSFERRED TO ENVIRONMENT  
SECRETARY SHORE AS PART OF THE REORGANIZATION OF THAT  
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DEPARTMENT (SEE BELOW). A TRIBUNITE, SILKIN HAS NO  
PREVIOUS EXPERIENCE IN THE AGRICULTURAL FIELD AND, AS ONE  
WHO OPPOSED BRITISH CONTINUATION IN THE EC, CAN BE  
EXPECTED TO WORK VIGOROUSLY TO REFORM ITS AGRICULTURE  
POLICIES.

-- WILLIAM RODGERS (MINISTER OF DEFENSE) - LONG  
OVERDUE FOR PROMOTION TO THE CABINET LEVEL, RODGERS WILL  
TAKE OVER THE RECREATED TRANSPORT DEPARTMENT (SEE BELOW).  
A STRONG, EFFECTIVE RIGHT-WINGER AND CLOSE ASSOCIATE OF  
BOTH ROY JENKINS AND SHIRLEY WILLIAMS, RODGERS IS LIKELY  
TO FIND HIS ABILITIES TAXED TO THE UTMOST IN ATTEMPTING  
TO RATIONALIZE BRITAIN'S TROUBLED AND POLITICALLY  
SENSITIVE TRANSPORTATION SECTOR.

-- STAN ORME (SOCIAL SECURITY MINISTER) - RETAIN-  
ING HIS PRESENT OFFICE, ORME IS ELEVATED TO THE CABINET.  
THE SOCIAL SECURITY FUNCTIONS ARE PARTIALLY SEPARATED  
FROM THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY AS A  
RESULT. THE ELEVATION OF ORME -- AN ABLE MINISTER LIKED  
BY CALLAGHAN AND A TRIBUNITE -- IS IN PART A MOVE TO  
PRESERVE THE CABINET'S IDEOLOGICAL BALANCE AND IN PART A  
STEP WHICH MORE ACCURATELY REFLECTS THE FINANCIAL  
IMPORTANCE OF HIS PORTFOLIO.

2. FOLLOWING SUB-CABINET CHANGES WERE ALSO ANNOUNCED:

-- GERRY FOWLER (MINISTER OF EDUCATION) - HE RE-  
SIGNED AND WILL RETURN TO THE BACKBENCHES. FOWLER HAS  
BEEN IN BAD ODOR FOR SOME TIME DUE TO HIS HANDLING OF  
DEVOLUTION WHEN HE HAD THAT BRIEF.

-- GORDON OAKES (UNDERSECRETARY, ENERGY) - NAMED  
TO REPLACE FOWLER AT EDUCATION, OAKES HAS BEEN IN GOVERN-

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MENT SINCE MARCH 1974, FIRST AS UNDERSECRETARY AT  
ENVIRONMENT AND THEN AT ENERGY WHERE HE WORKED EFFECTIVE-  
LY WITH SECRETARY TONY BENN.

-- DAVID OWEN (HEALTH MINISTER) - OWEN  
MOVES TO THE FOREIGN OFFICE WHERE HE REPLACES HATTERSLEY  
AS MINISTER. HE WILL HAVE SPECIAL RESPONSIBILITIES FOR  
EUROPE (HE WAS A PRO-MARKEEER DURING THE REFERENDUM  
CAMPAIGN). AT AGE 38, OWEN IS CONSIDERED A REAL COMER.

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-- ROLAND MOYLE (MINISTER FOR NI) - A LOYAL REES  
MAN, MOYLE MOVES UP TO THE MORE IMPORTANT POSITION OF  
MINISTER AT HEALTH AND SOCIAL SERVICES, REPLACING OWEN.

-- LORD MELCHETT (LORD-IN-WAITING, ENVIRONMENT  
DEPARTMENT) - THE YOUNG (AGE 28) AND HIGHLY TOUTED PETER  
MELCHETT ASSUMES HIS FIRST OFFICIAL GOVERNMENT POST AS  
MINISTER FOR NI, REPLACING MOYLE. IT WAS AN UNEXPECTED  
MOVE.

-- JOHN GILBERT (TRANSPORT MINISTER) - ANOTHER  
IMPRESSIVE, MODERATE JUNIOR MINISTER, GILBERT MOVES TO  
DEFENSE, FILLING THE SLOT VACATED BY RODGERS.

-- JOHN CUNNINGHAM (NO PREVIOUS POST) - CALLAGHAN'S  
FORMER PRIVATE SECRETARY, CUNNINGHAM MOVES TO THE ENERGY  
UNDERSECRETARIAL POST LEFT BY OAKES. A MODERATE,  
CUNNINGHAM IS REPORTEDLY ABLE AND ENJOYS THE RESPECT OF  
HIS FORMER BACKBENCH COLLEAGUES.

-- BOB CRYER (NO PREVIOUS POST) - ALONG WITH THE  
LORD MELCHETT APPOINTMENT, CRYER'S DESIGNATION AS INDUSTRY  
UNDERSECRETARY IS THE MOST SURPRISING OF THE ANNOUNCED  
SHIFTS. CRYER IS AN ARTICULATE AND OUTSPOKEN HARD-LINE  
TRIBUNITE. HE WOULD APPEAR TO HAVE BEEN CO-OPTED BY  
ACCEPTING THE INDUSTRY APPOINTMENT, PERMITTING CALLAGHAN  
TO PRESERVE THE RIGHT/LEFT BALANCE IN GOVERNMENT AND RE-  
MOVING ONE OF THE GOVERNMENT'S MOST VOCAL AND PERSISTENT  
BACKBENCH CRITICS. CRYER IS BEING HARSHLY CRITICISED BY  
SOME FELLOW TRIBUNE MEMBERS.

-- JOHN HORUM (NO PREVIOUS POST) - NAMED TO AN  
UNDERSECRETARIAL POSITION AT TRANSPORT, HORUM IS A YOUNG  
(37) AND ABLE RIGHT-WINGER. PRIOR TO HIS APPOINTMENT HE  
SERVED AS CHAIRMAN OF THE MANIFESTO GROUP OF RIGHT-WING  
LABOR MP'S.

3. THE MAJOR STRUCTURAL CHANGE ANNOUNCED WAS THE RE-  
EMERGENCE OF AN AUTONOMOUS TRANSPORT DEPARTMENT -- AND  
ABOUT TIME, MOST CRITICS OF THE GOVERNMENT'S TRANSPORT  
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POLICY WOULD SAY. CARVED OUT OF THE BULGING ENVIRONMENT  
PORTFOLIO, THE SUBTRACTION STILL LEAVES MUCH TO OCCUPY  
INCUMBENT ENVIRONMENT SECRETARY SHORE, AS HE REGAINS  
FULL RESPONSIBILITY FOR PLANNING AND URBAN AFFAIRS FROM  
THE BRIEF DROPPED BY AGRICULTURE SECRETARY SILKIN AND  
ASSUMES CHARGE OF A SPECIAL TASK FORCE DESIGNED TO DEVISE  
WAYS TO EASE GROWING RACIAL TENSION AND PROBLEMS IN

IMMIGRANT COMMUNITIES. THE OTHER SUPER DEPARTMENT, HEALTH AND SOCIAL SECURITY WAS RETAILED WITH THE MOVES THAT ACCOMPANIED ORME'S ELEVATION TO CABINET RANK.

4. COMMENT. ON ITS FACE, CALLAGHAN'S SECOND GOVERNMENT-AL REORGANIZATION REACHES FURTHER THAN HIS FIRST IN TERMS OF BOTH PERSONNEL AND FUNCTION' AND INCREASES THE NUMBER OF CABINET MEMBERS BY ONE, FROM 23 TO 24. FURTHER

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JUNIOR MINISTERIAL CHANGES CAN BE EXPECTED IN COMING WEEKS, AS THE NEW SECRETARIES WORK OUT THEIR DEPARTMENTAL TEAMS. AS REGARDS PERSONNEL, CALLAGHAN BRINGS NEW, BUT TESTED, YOUNG TALENT INTO THE CABINET (THE AVERAGE AGE DECREASED BY ONE YEAR TO 54) AND GOVERNMENT WHILE PRESERVING ITS IDEOLOGICAL BALANCE. AS HAD BEEN EXPECTED, CALLAGHAN ALSO REPAYED SOME POLITICAL DEBTS (E.G. REES. MOYLE AND CUNNINGHAM). THE ANNOUNCED ADMINISTRATIVE CHANGES REFLECT CALLAGHAN'S REPORTED BELIEF THAT THE

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SUPER DEPARTMENTS WERE TOO/LARGE AND UNWIELDY. IN THEIR SHIFT IN EMPHASIS -- NOTABLY TOWARD EDUCATION, TRANSPORTATION AND SOCIAL SECURITY, ALL MAJOR SPENDING PORTFOLIOS -- BUT LITTLE CHANGE IN BASIC DIRECTION.

5. THE PRESS, ESPECIALLY, HAS LAMENTED THE DEPARTURE OF ROY JENKINS. IT WOULD NOT SEEM TO US. HOWEVER, THAT HIS TENURE AT THE HOME OFFICE WAS PARTICULARLY DISTINGUISHED, WHILE HIS POLITICAL INFLUENCE SINCE THE MARCH LABOR PARTY LEADERSHIP ELECTIONS HAS BEEN NIL. WE ANTICIPATE THAT REES WILL MORE THAN FILL THE VOID AT THE HOME OFFICE AND THAT THE DYNAMIC MRS. WILLIAMS WILL INHERIT JENKINS' MANTLE AS LEADER OF THE LABOR PARTY'S RIGHT-WING. BEYOND THESE EXPECTATIONS, WE BELIEVE THAT INFUSION OF NEW BLOOD COULD DO AS MUCH TO REINVIGORATE THE LABOR PARTY AS DID CALLAGHAN'S SUCCESSION. THIS IS AN ESPECIALLY IMPORTANT CONSIDERATION IN VIEW OF THE CONTINUED INTRACTABILITY OF BRITAIN'S ECONOMIC DIFFICULTIES AND THE ANTICIPATED EMERGENCE OF DEVOLUTION/AS A CRITICAL POLITICAL ISSUE.

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, CABINET, PERSONNEL APPOINTMENTS, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 9  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 APR 2004 by BoyleJA>; APPROVED <13 AUG 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CALLAGHAN SHUFFLES CABINET BUT HOLDS COURSE  
**TAGS:** PGOV, PINT, UK, (CALLAGHAN, JAMES)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006